



Success Story

Delaware District Office

Detailed Planning Drives Leisure Fitness' Rapid Growth

By Jayne Armstrong

Katina Geralis knows what it takes to build a successful business. In just nine years, she has taken her company, Leisure Fitness, from her garage to a 30,000-square-foot headquarters in Newark. Along the way, she grew the business to \$30 million in sales and became the nation's top dealer in Precor and Nautilus fitness equipment.

Geralis' formula of setting lofty goals and motivating employees is behind the company's rapid growth. Today, Leisure Fitness operates 11 retail locations in the Mid-Atlantic region, with plans to open four more locations in the Washington, D.C. market this year. Geralis projects sales will reach \$38 million this year and \$50 million in 2005.

Geralis was recognized by the U.S. Small Business Administration (SBA) this spring with its Entrepreneurial Success Award. The award recognizes an entrepreneur who started as a small business and with assistance from the SBA grew into a large business.

Goals are an important part of the corporate climate at Leisure Fitness, where the business model is inspired by two best sellers: *Seven Habits of Highly Effective People* by Stephen Covey and *Good to Great* by Jim Collins. Taking a page from Covey, Geralis and her team set WIGS or "wildly important goals." Those goals are: to be number one in the Mid-Atlantic; have customers for life; and build and maintain an all-star team.

Each of the more than 100 employees at Leisure Fitness is charged with supporting goals. On the executive level, business decisions are made by a team. There's a six member leadership team; the management team is comprised of the leaders and eight other employees.

To nurture a positive work environment, Leisure Fitness hosts monthly team-building parties, a big summer bash for employees and their families and a year-end holiday celebration. The company offers a 50-percent match on its 401(k) plan, an employee fitness center and a generous leave policy.

The commitment to employees pays off. When Leisure Fitness faced the challenge of its rapid growth, team members stepped up to the plate to get the job done.

“The best part is making a difference in people’s lives and giving them more opportunity than they could ever imagine, providing a wonderful place to work where they are appreciated, rewarded – and they have fun,” said Geralis. “It’s truly an honor to work with them every day.”

Geralis earned a degree in physical education from the University of Delaware. Her entrepreneurial drive led her first into sales of fitness equipment, working out of a converted chicken coop in Middletown. Next, she went to into project management with Emory Hill and then back into fitness as a manager for Fitness Concepts, running a 2,000-square-foot operation on Kirkwood Highway in Wilmington.

She soon realized she wasn’t getting a big enough piece of the pie working for other fitness companies. Geralis’ solution was to go into business herself, founding Leisure Fitness in 1985 with the help of a \$100,000 SBA Low Doc loan.

“The most rewarding part of being an entrepreneur is being in control of my own destiny, making it happen every day,” she said. “It’s winning, being number one, staying on top, having a vision of what something can be and making it happen.”

At Leisure Fitness, the business mix currently stands at 60 percent retail, 40 percent commercial clients, including MBNA, Hotel DuPont, and local YMCAs. All service and installation is handled in-house. On the retail front, the inventory at each store is customized to meet the demographics of that specific market, based on the purchases of identified primary and secondary customers.

Leisure Fitness built its network of stores using an unconventional industry approach. In each market, the company sent in sales representatives to stimulate interest before committing to bricks and mortar – instead of the traditional approach of building stores and then starting to sell.

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